Kentucky Power Company

REQUEST

With regard to Mr. Bethel's testimony on page 8 at lines 21 through 23, please provide, for the past five years, the AEP and non-AEP network service peak load (mW) data, as used to determine network service revenue requirement responsibility for AEP and non-AEP customers.

RESPONSE

The total AEP and non-AEP network service peak load for each month of 2000 through 2004, is a twelve-month average and is as follows:

Month	2000	2001	2002	2003	2004
January	22,982	23,844	25,085	27,574	25,624
February	23,167	23,888	25,338	27,564	25,578
March	23,208	24,070	25,581	27,479	25,521
April	23,434	24,141	25,835	27,316	25,584
May	23,736	24,116	26,106	27,034	25,806
June	23,667	24,284	26,304	26,868	25,808
July	23,499	24,606	26,452	26,612	25,893
August	23,515	24,922	26,564	26,464	25,864
September	23,579	25,034	26,834	26,045	25,990
October	23,601	25,224	27,003	25,823	26,020
November	23,661	25,211	27,106	25,774	26,023
December	23,808	25,075	27,395	25,672	26,247

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

Please provide an explanation of the methodology used to develop the "pole-mile percentage allocated share." Is this a FERC approved allocation methodology for certain transmission-related costs? If so, please provide the FERC Opinion approving this methodology.

RESPONSE

AEP Service Corporation (AEPSC) activities are authorized by the Securities and Exchange Commission (SEC) under the provisions of the Public Utilities Holding Company Act. Under that authority, the SEC approves the specific allocation formulas that are used by AEPSC to allocate costs. AEPSC can only use allocation formulas that have been expressly approved by the SEC.

As a result of the AEP/Central & South West merger in 2000, AEPSC was required to seek approval for all allocation formulas, which would be used post-merger. AEPSC filed the allocation formulas as a part of the Form U-1 filing made to the SEC seeking approval of the merger. The Form U-1 cover sheet and Exhibit B-3 to the Form U-1 are provided as Attachment I to this response. Exhibit B-3 was the exhibit in the Form U-1, which detailed the requested allocation formulas and their derivations. An excerpt of the SEC's approval of the merger, which included the approval of the requested allocation formulas, is provided as Attachment II to this response.

The formula for transmission pole miles is calculated using the pole miles for each separate AEP system company as the numerator, and the total company pole miles as the denominator. The resulting ratios are applied to the total cost to be allocated based on the formula.

WITNESS: Errol K Wagner

<PAGE> 1

SEC U-1 Filing
(Cover Sheet)

File No. 70-9381

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

* * *

AMENDMENT NO. 5

TO
FORM U-1
APPLICATION OR DECLARATION
under the
PUBLIC UTILITY HOLDING COMPANY ACT OF 1935

* * *

AMERICAN ELECTRIC POWER COMPANY, INC.
1 Riverside Plaza, Columbus, Ohio 43215

---

and

CENTRAL AND SOUTH WEST CORPORATION 1616 Woodall Rodgers
Freeway, Dallas, Texas 75202

(Name of companies and top registered holding company
parents filing this statement and address
of principal executive offices)

* * *

Armando A. Pena
Treasurer
American Electric Power Company, Inc.
1 Riverside Plaza
Columbus, OH 43215

Wendy G. Hargus
Treasurer
Central and South West Corporation
1616 Woodall Rodgers Freeway
Dallas, TX 75202

U-2 FILING

<!--StartFragment-->

Exhibit B-3

PROPOSED AEPSC ATTRIBUTION BASES

1. Number of Bank Accounts	Number of Bank Accounts Per Company Total Number of Bank Accounts
2. Number of Call Center Telephones	Number of Call Center Telephones Per Company Total Number of Call Center Telephones
3. Number of Cell Phones/Pagers	Number of Cell Phones/Pagers Per Company Total Number of Cell Phones/Pagers
4. Number of Checks Printed	Number of Checks Printed Per Company Per Month Total Number of Checks Printed Per Month
5. Number of CIS Customer Mailings	Number of Customer Information System (CIS) Customer Mailings Per Company Total Number of CIS Customer Mailings
6. Number of Commercial Customers	Number of Commercial Customers Per Company Total Number of Commercial Customers
7. Number of Credit Cards	Number of Credit Cards Per Company Total Number of Credit Cards
8. Number of Electric Retail Customers	Number of Electric Retail Customers Per Company Total Number of Electric Retail Customers
9. Number of Employees	Number of Full-Time and Part-Time Employees Per Company Total Number of Full-Time and Part-Time Employees
10. Number of Generating Plant Employees	Number of Generating Plant Employees Per Company Total Number of Generating Plant Employees
11. Number of GL Transactions	Number of General Ledger (GL) Transactions Per Company Total Number of GL Transactions
12. Number of Help Desk Calls	Number of Help Desk Calls Per Company Total Number of Help Desk Calls
13. Number of Industrial Customers	Number of Industrial Customers Per Company Total Number of Industrial Customers
14. Number of JCA Transactions	Number of Lines of Accounting Distribution on Job Cost Accounting (JCA) Sub-System Per Company Total Number of Lines of Accounting Distribution on JCA Sub-System
15. Number of Non-UMWA	Number of Non-UMWA or All Non-Union Employees

	Employees	Per Company Total Number of Non-UMWA or All Non-Union Employees
16.	Number of Phone Center Calls	Number of Phone Calls Per Phone Center Per Company Total Number of Phone Center Phone Calls
17.	Number of Purchase Orders Written	Number of Purchase Orders Written Per Company Total Number of Purchase Orders Written
18.	Number of Radios (Base/Mobile/Handheld)	Number of Radios (Base/Mobile/Handheld) Per Company Total Number of Radios (Base/Mobile/Handheld)
19.	Number of Railcars	Number of Railcars Per Company Total Number of Railcars
20.	Number of Remittance Items	Number of Electric Bill Payments Processed Per Company Per Month (non-lockbox) Total Number of Electric Bill Payments Processed Per Month (non-lock)
21.	Number of Remote Terminal Units	Number of Remote Terminal Units Per Company Total Number of Remote Terminal Units
22.	Number of Rented Water Heaters	Number of Rented Water Heaters Per Company Total Number of Rented Water Heaters
23.	Number of Residential Customers	Number of Residential Customers Per Company Total Number of Residential Customers
24.	Number of Routers	Number of Routers Per Company Total Number of Routers
25.	Number of Servers	Number of Servers Per Company Total Number of Servers
26.	Number of Stores Transactions	Number of Stores Transactions Per Company Total Number of Stores Transactions
27.	Number of Telephones	Number of Telephones Per Company (includes all phone lines) Total Number of Telephones (includes all phone lines)
28.	Number of Transmission Pole Miles	Number of Transmission Pole Miles Per Company Total Number of Transmission Pole Miles
29.	Number of Transtext Customers	Number of Expected Transtext Customers Per Company Total Number of Expected Transtext Customers
30.	Number of Travel Transactions	Number of Travel Transactions Per Company Per Month Total Number of Travel Transactions Per Month
31.	Number of Vehicles	Number of Vehicles Per Company (includes fleet and pool cars) Total Number of Vehicles Per Company (includes fleet and pool cars)
32.	Number of Vendor Invoice	Number of Vendor Invoice Payments

Payments	Per Company Per Month Total Number of Vendor Invoice Payments Per Month
33. Number of Workstations	Number of Workstations (PCs) Per Company Total Number of Workstations (PCs)
34. Active Owned or Leased Communication Channels	Number of Active Owned/ Leased Communication Channels Per Company Total Number of Active Owned/ Leased Communication Channels
35. Avg Peak Load for Past 3 Years	Average Peak Load for Past 3 Years Per Company Total of Average Peak Load for Past 3 Years
36. Coal Company Combination	The Sum of Each Coal Company's Gross Payroll, Original Cost of Fixed Assets, Original Cost of Leased Assets and Gross Revenues for Last 12 Months The Sum of the Same Factors for All Coal Companies
37. AEPSC Past 3 Months Total Bill Dollars	AEPSC Past 3 Months Total Bill Dollars Per Company Total AEPSC Past 3 Months Bill Dollars
38. AEPSC Prior Month Total Bill Dollars	AEPSC Prior Month Total Bill Dollars Per Company AEPSC Total Prior Month Bill Dollars
39. Direct	100% to One Company
40. Equal Share Ratio	One (1) Total Number of Companies
41. Fossil Plant Combination	The Sum of (a) the Percentage Derived by Dividing the Total Megawatt Capability of All Fossil Generating Plants Per Company by the Total Megawatt Capability of All Fossil Generating Plants and (b) the Percentage Derived by Dividing the Total Scheduled Maintenance Outages of All Fossil Generating Plants Per Company for the Last 3 Years by the Total Scheduled Maintenance of All Fossil Generating Plants During the Same 3 Years Two (2)
42. Functional Department's Past 3 Months Total Bill Dollars	Functional Department's Past 3 Months Total Bill Dollars Per Company Total Functional Department's Past 3 Months Total Bill Dollars
43. KWH Sales	KWH Sales Per Company Total KWH Sales
44. Level of Construction - Distribution	Construction Expenditures for All Distribution Plant Accounts Except Land and Land Rights, Services, Meters and Leased Property on Customers Premises and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC Are Being Made Separately, Per Company During the Last 12 Months Total of the Same for All

	Companies
45. Level of Construction - Production	Construction Expenditures for All Production Plant Accounts Except Land and Land Rights, Nuclear Accounts and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last 12 Months Total of the Same for All Companies
46. Level of Construction - Transmission	Construction Expenditures for All Transmission Plant Accounts Except Land and Land Rights and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last 12 Months Total of the Same for All Companies
47. Level of Construction - Total	Construction Expenditures for Plant Accounts Except Land and Land Rights, Line Transformers Services, Meters and Leased Property on Customers' Premises; and the Following General Plant Accounts: Structures and Improvements, Shop Equipment, Laboratory Equipment and Communication Equipment; and Exclusive of Construction Expenditures Accumulated on Direct Work Orders for Which Charges by AEPSC are Being Made Separately, Per Company During the Last 12 Months Total of the Same for All Companies
48. MW Generating Capability	MW Generating Capability Per Company Total MW Generating Capability
49. MWH's Generated	Number of MWH's Generated Per Company Total Number of MWH's Generated
50. Current Year Budgeted Salary Dollars	Current Year Budgeted AEPSC Payroll Dollars Billed Per Company Total Current Year Budgeted AEPSC Payroll Dollars Billed
51. Past 3 Mo. MMBTU's Burned (All Fuel Types)	Past 3 Months MMBTU's Burned Per Company (All Fuel Types) Total Past 3 Months MMBTU's Burned (All Fuel Types)
52. Past 3 Mo. MMBTU's Burned (Coal Only)	Past 3 Months MMBTU's Burned Per Company (Coal Only) Total Past 3 Months MMBTU's Burned (Coal Only)
53. Past 3 Mo. MMBTU's Burned (Gas Type Only)	Past 3 Months MMBTU's Burned Per Company (Gas Type Only) Total Past 3 Months MMBTU's Burned (Gas Type Only)
54. Past 3 Mo. MMBTU's Burned (Oil Type (Only)	Past 3 Months MMBTU's Burned Per Company (Oil Type Only) Total Past 3 Months MMBTU's Burned (Oil Type Only)

55. Past 3 Mo. MMBTU's Burned (Solid Fuels Only)	Past 3 Months MMBTU's Burned Per Company (Solid Fuels Only) Total Past 3 Months MMBTU's Burned (Solid Fuels Only)
56. Peak Load/Avg # Cust/ KWH Sales Combination	Average of Peak Load, # of Retail Customers and KWH Sales to Retail Customers Per Company Total of Average of Peak Load, # of Retail Customers and KWH Sales to Retail Customers
57. Tons of Fuel Acquired	Number of Tons of Fuel Acquired Per Company Total Number of Tons of Fuel Acquired
58. Total Assets	Total Assets Amount Per Company Total Assets Amount
59. Total Assets Less Nuclear Plant	Total Assets Amount Less Nuclear Assets Per Company Total Assets Amount Less Nuclear Assets
60. Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs	Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs Per Company Total AEPSC Bill Dollars Less Interest and/or Income Taxes and/or Other Indirect Costs
61. Total Fixed Assets	Total Fixed Assets Amount Per Company Total Fixed Assets Amount
62. Total Gross Revenue	Total Gross Revenue Last 12 Months Per Company Total Gross Revenue Last 12 Months
63. Total Gross Utility Plant (including CWIP)	Total Gross Utility Plant Amount Per Company (including CWIP) Total Gross Utility Plant Amount (including CWIP)
64. Total Peak Load (Prior Year)	Total Peak Load for Prior Year Per Company Total Peak Load for Prior Year

Merger Approval - Cover Sheet

American Electric Power Company, Inc. and Central and South West Corporation

SECURITIES AND EXCHANGE COMMISSION

Release Nos. 35-27186, 70-9381

2000 SEC LEXIS 1227

June 14, 2000

ACTION:
Order Authorizing Acquisition of Registered Holding Company and Related Transactions; Approving Amended Service Agreements; and Denying Requests for Hearing

TEXT: American Electric Power Company, Inc. ("AEP"), Columbus, Ohio, and Central and South West Corporation ("CSW") (together, the "Applicants"), Dallas, Texas, each a registered public-utility holding company, have filed a joint application-declaration, as amended (the "Application"), under sections 6(a), 7, 9(a), 10, 11, 12(b), 12(c), 12(d), 12(f), 13(b), 32 and 33 of the Public Utility Holding Company Act of 1935 ("Act") and rules 43, 45, 46, 53, 54, 83, 87, 88, 90 and 91. n1

n1 Applicants filed five amendments to the Application, the last on May 24, 2000.

The Commission issued a notice of the Application on March 12, 1999 (Holding Co. Act Release No. 26989). We received eight sets of comments or requests for hearing, of which six have been withdrawn.

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n144 *City of New Orleans, supra* note 71, at 1167 n.6, quoting *Wisconsin's Environmental Decade, Inc. v. SEC*, 882 F.2d 523, 526 (D.C. Cir. 1989).

n145 *City of New Orleans* at 1167 n.6 (D.C. Cir. 1992), citing *Connecticut Bankers Ass'n v. Board of Governors of Fed. Reserve Sys.*, 627 F.2d 245, 251 (D.C. Cir. 1980).

III. Related Proposals

In order to effect the Merger, Applicants request authorization, variously, for issuances and sales of securities and/or acquisitions in transactions by which (1) AEP will acquire Merger Sub, Merger Sub will merge with and into CSW and, through the merger, AEP will indirectly acquire the CSW Common Stock; (2) AEP will issue AEP Common Stock in exchange for CSW Common Stock; (3) AEP will acquire, directly or indirectly, CSW Credit, Inc. (CSW will factor accounts receivable of all the New AEP System Operating Companies, consistent with previous authorizations); (4) AEP will reorganize, consolidate and, where necessary, restate certain of the existing intrasystem short-term financing and other authorizations of AEP, CSW and their respective subsidiaries, as described in Appendix 1; (5) CSW and its nonutility subsidiaries will borrow or obtain guarantees from AEP under the same terms and conditions as currently authorized for CSW and its nonutility subsidiaries, as described in Appendix 2; (6) as management may deem appropriate, AEP will acquire, directly or indirectly, CSW's nonutility businesses through the merger of one or more CSW nonutility businesses with one or more wholly owned nonutility subsidiaries (either presently existing and performing substantially equivalent activities or to be formed, if appropriate) of AEP; and, similarly, CSW will acquire and consolidate one or more of AEP's nonutility businesses; upon consolidation each nonutility business would succeed to the authority of the consolidated nonutility business; n146 (7) CSW Service will merge with and into AEP Service, with AEP Service as the surviving company; and (8) CSW will distribute or pay as a dividend to AEP the common stock of one or more CSW nonutility businesses.

n146 Applicants undertake to file with the Commission a rule 24 report on January 1 and July 1 of each year following the Merger. The report will include: (1) a written description of any changes in the nonutility organizational structure relating to the merger or reorganization of nonutility businesses of AEP: and (2) an organizational chart for New AEP that highlights any changes in its nonutility organizational structure during that reporting period.

Applicants also request that AEP Service succeed to certain of the authority of CSW Service set forth in certain orders and that these authorized activities extend, where applicable, to the New AEP System Operating Companies. n147 Applicants further propose that New AEP Service enter into an amended service agreement with all of AEP's subsidiaries, under which New AEP Service will provide the services previously provided by CSW Service, consistent with the requirements of section 13(b) of the Act and previously approved allocation methods, as well as several new allocation methods proposed in the Application.

AEPSC

n147 *Central Power and Light Co.*, Holding Co. Act Release Nos. 26771 (Oct. 31, 1997) and 26931 (Oct. 21, 1998); *Central and South West Services, Inc.*, Holding Co. Act Release Nos. 26795 (December 11, 1997) and 26898 (July 21, 1998).

Previous orders have authorized both AEP and CSW to use the proceeds of certain financings to invest up to 100% of consolidated retained earnings in EWGs and FUCOs. n148 As of December 31, 1999, AEP and CSW had consolidated retained earnings of approximately $ 1,725 million and $ 1,906 million respectively. Applicants propose that these orders terminate upon consummation of the Merger and that AEP be authorized to issue and sell securities in an amount of up to 100% of its consolidated retained earnings for investment in EWGs and FUCOs, with consolidated retained earnings to be calculated on the basis of the combined consolidated retained earnings of the New AEP. As of December 31, 1999, the *pro forma* aggregate investment in EWGs and FUCOs would have been approximately $ 1,853 million or about 51% of consolidated retained earnings of New AEP.

n148 *See American Electric Power Co.*, Inc., Holding Co. Act Release Nos. 26864 (Apr. 27, 1998); *Central and South West Corp.*, Holding Co. Act Release No. 26653 (Jan. 24, 1997).

Finally, Applicants propose that certain stock-based benefit plans currently maintained by AEP and CSW be continued, modified or cancelled in connection with the Merger, as described in Appendix 3.

The proposals summarized above and in the appendices to this Order are variously subject to sections 6(a), 7, 9(a), 10, 11, 12(b), 12(c), 13(b), 32 and 33 of the Act and rules 43, 45, 46, 53, 54, 83, 87, 88, 90 and 91 of the Act. We have reviewed the proposed transactions and find that the requirements of the Act are satisfied.

IV. Conclusion

We have carefully examined the Application under the applicable standards of the Act, and have concluded that the proposed transactions are consistent with those standards. We have reached these conclusions on the basis of the complete record before us.

No federal or state commission other than this Commission has jurisdiction over the proposed transactions, other than as discussed above. As noted above, Applicants state that fees and expenses in connection with the Merger will be approximately $ 72.7 million.

Due notice of the filing of the Application has been given in the manner prescribed in rule 23 under the Act, and no hearing has been ordered by the Commission. Upon the basis of the facts in the record, it is hereby found that the applicable standards of the Act and rules thereunder are satisfied, and that no adverse findings are necessary.

IT IS ORDERED, under the applicable provisions of the Act and rules under the Act, that the Application, as amended, be, and it hereby is, granted, subject to the terms and conditions prescribed in rule 24 under the Act.

IT IS FURTHER ORDERED, that the requests for hearing be, and are, denied.

Merger Approval

Kentucky Power Company

REQUEST

Please provide electronic copy, with all formulas intact, of each of Mr. Bethel's exhibits, DWB-1 through DWB-3 on a CD. also provide copies of all spreadsheets used to provide data ("populate") each of the referenced exhibits.

RESPONSE

Mr. Bethel's exhibits, DWB-1 through DWB-3, along with a workpaper that develops the projected MLRs used for this case, are attached on a CD in excel format. They are also included and labeled sequentially in the attached pdf file that also contains the PJM 2005 Load Forecast.

WITNESS: Dennis W Bethel

Kentucky Power Company

REQUEST

Please provide supporting work papers underlying the Company's projections of its MLR and pole-mile allocation factors.

RESPONSE

Please see the attached page 2 for the computation of the 6.75% pole-mile allocation factor for KPCo that is based on actual statistics as of December 2004.

Please see KIUC-1st Set, No. 15 and AG-1st Set, Item 62 for MLR projections.

WITNESS: Dennis W Bethel

AEP Eastern Operating Companies
Actual Transmission Pole Miles as of 12/31/2004

	Number of Transmission Pole Miles	Percentage
I&M	3,978.35	22.25%
CSP	2,001.35	11.19%
APCo	4,956.94	27.72%
OPCo	5,501.53	30.78%
KyPCo	1,206.33	6.75%
WPCo	183.00	1.02%
KgPCo	52.00	0.29%
	17,879.50	100.00%

Kentucky Power Company

REQUEST

Please an electronic copy, with all spreadsheet formulas intact, of Bradish exhibits RWB-1 through RWB-5. Also include all supporting spreadsheets that are used to populate the exhibit spreadsheets.

RESPONSE

Please see response to KIUC Item 15.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

Please provide all supporting work papers, other than those provided in response to the previous question, used to develop Bradish exhibits RWB-1 through RWB-5

RESPONSE

Please see response to KIUC Item 15.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to Exhibit RWB-2, please provide for each projected month in 2006, by month, the mWh by month, by AEP East Operating Company that corresponds to the AEP implicit congestion cost shown in the exhibit. The requested mWh information by month, by AEP Operating Company should correspond to the demand data used to calculate the KPCo MLR projection in Exhibit RWB-2.

RESPONSE

The projections prepared for Exhibit RWB-2 were based on actual implicit congestion costs incurred, as measured in dollar amounts. The projections were not done using MWhs.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to Mr. Bradish's Testimony on page 8 at lines 1 through 12, please explain the circumstances under which congestion charges collected by PJM meant to fund the FTRs may not equal the FTR revenue targets for the entire PJM region. In particular, please explain the term "FTR revenue targets" as used in the testimony.

RESPONSE

The relevant circumstances are stated in my direct testimony on Page 8, Lines 3 through 12.

The response to this question can best be done through an example:

A Market Participant owns 100 MWs of FTRs from Point A to Point B for the entire planning year. Assume that for one specific day, the Day-ahead market settles at $10 for Point A and $20 for Point B. The FTR revenue target for that day is therefore 100 x $10 = $1000.

On that day, the load flow experienced from Point A to Point B is 90 MWs. Even if the LMPs are $10 for Point A and $20 for Point B, the amount collected for congestion costs will only be 90 MWs x $10 = $900. This creates a revenue shortfall for this path.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

Is there a specific FERC requirement that AEP's FTR revenues and/or congestion costs be allocated among AEP Operating Companies on the basis of each company's MLR? If not, please provide the authority relied upon by AEP to use an MLR allocation of these revenues and costs.

RESPONSE

PJM charges congestion costs and credits FTR revenues to AEP on a total company basis. Pursuant to the AEP Interconnection Agreement, the costs and benefits among the member companies emanating from the joint planning, coordination and operation of bulk power facilities are shared on an MLR basis. The FERC approved AEP Integration Agreement is further explained in the direct testimony of Witness Wagner beginning on page 4 through page 7.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

How many nodes are there in the AEP system? Please also provide this information by AEP East Operating Company.

RESPONSE

There are 1644 Pnodes (Pricing Nodes) for the AEP East transmission zone. The PNodes, segregated by Operating Company, are not readily available.

Provided below is the link to the PNodes on the public PJM website;

http://www.pjm.com/markets/energy-market/bus-price-model.html

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

Please provide the actual AEP load weighted LMP prices by month from October 2004 through the present.

RESPONSE

Provided below is the link to the public PJM website for Monthly LMP data;

http://www.pjm.com/markets/energy-market/day-ahead.html

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

Please provide the actual generation output weighted LMP prices for AEP generation sources for the period October 2004 through the present.

RESPONSE

Provided below is the link to the public PJM website for Monthly LMP data;

http://www.pjm.com/markets/energy-market/day-ahead.html

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to the ratemaking treatment of net congestion costs, as discussed on page 11 of Mr. Bradish's testimony at lines 15 through 18, please provide a copy of any State Regulatory Commission Decisions that address this issue in any state in which an AEP East Company operates.

RESPONSE

Presently, Columbus Southern Power and Ohio Power have filed for the recovery of net congestion costs utilizing a tracking mechanism in Ohio pursuant to an order issued by the Public Utilities Commission of Ohio in Case No. 04-169-EL-UNC on January 26, 2005. In addition, Appalachian Power Company has filed for recovery of net congestion costs through the Expanded Net Energy Clause in the West Virginia jurisdiction. Likewise, Indiana Michigan Power Company has filed for recovery of net congestion costs through the Fuel Clause in the Three Rivers Michigan jurisdiction.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to the Company's 2006 forecasted net congestion costs for KPCo, has the Company performed any alternative analysis of the projected net congestion costs using current market prices or any alternative market prices other than the Company's forecasts shown in the Exhibit RWB-2? If so, please provide each such additional forecast developed by the Company, whether relied upon or not for Mr. Bradish's testimony.

RESPONSE

The Company has not performed any alternative analysis of the projected net congestion costs using current market prices or any alternative market prices.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to Mr. Bradish's testimony on page 13 at lines 5 through 14, please explain how the ECAR operating reserves are currently included in existing KPCO rates. In this explanation, please provide the ratemaking treatment of the costs, both fixed and variable, associated with meeting the ECAR operating reserves. In particular, please identify any such costs that are included in base rates and provide the FERC account in which these costs are included. Also indicate whether or not any of these costs are included in the Company's fuel adjustment clause and, if so, identify the FERC account in which such costs (ECAR operating reserve) are included.

RESPONSE

The existing costs resulting from ECAR reserve requirements are implicitly included in both the generation-related investment and expense FERC accounts of KPCo, including fuel-related accounts. There is no specific separate identification or quantification of those costs. The fuel costs associated with operating reserve are included in the fuel adjustment clause.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

With regard to Mr. Bradish's testimony on page 13 at lines 21 and 22, please provide an explanation of the statement "the additional need takes into consideration the existence of the ECAR operating reserves. Please explain the interaction between meeting ECAR operating reserve requirements and the dispatch of the Company's generation by PJM. Does PJM specifically dispatch AEP generation under a constraint that requires it to meet specific ECAR operating reserves? Please provide a detailed explanation of the response, in addition to a yes or no.

RESPONSE

The ECAR Operating Reserve requirements are part of the PJM dispatch process. Specifically, in the day-ahead process, PJM will incorporate the ECAR reserves into their evaluation of the generation needed to meet the projected load conditions on the PJM system. PJM may, if system conditions warrant, dispatch additional generation in the most economic manner to meet any projected operational needs.

PJM continues to monitor the changing generation, load, and transmission conditions within the footprint on a real-time basis, and may determine that additional units should be dispatched to meet expected transmission constraints, thermal problems, or other reliability concerns. In such cases PJM may call on units within the PJM footprint, which are most capable of meeting the specific reliability concern of the PJM operators.

WITNESS: Robert W Bradish

Kentucky Power Company

REQUEST

Please provide a functioning electronic copy of the model used to produce the cost of service study shown in Foust Exhibit LCF-1. If the model is a spreadsheet model, provide the model with all formulas intact. If there are supporting spreadsheets linked to he model, provide all supporting spreadsheets.

RESPONSE

AEP used an externally developed cost of service program called TACOS Gold v.5.3.0 to perform the class cost of service study. TACOS Gold was developed by Threshold Associates, Inc. The program is a cost allocation program that operates on a Windows operating system and the MS Office Suite. Licensing requirements do not permit the Company to provide copies of the program to third parties. The input and output files were saved in Excel 97 format. The input file and output files which make up Exhibit LCF-1 are included on the attached disk.

WITNESS Larry C. Foust

Kentucky Power Company

REQUEST

Please provide the source data and all work papers supporting the development of the cost of service allocators shown on Exhibit LCF-1 pages 11 through 20.

RESPONSE

Please see the response to the Attorney General's Question No. 181.

WITNESS **Larry C. Foust**

Kentucky Power Company

REQUEST

Please provide, for each rate class, the class maximum diversified demand (class group peak demand) by month at the meter and at the transmission (or generator) voltage level. For rate classes (such as IP) that have customers that take service at different voltages, provide the data delineated by metered voltage level. For example, for rate class IP, provide the secondary, primary, sub-transmission and transmission customer demands at the meter and at the transmission (or generator)voltage level coincident with the monthly IP class maximum diversified demand.

RESPONSE

The Company only calculates the non-coincident peaks at the voltage level for each of the classes, not at the class group level. For example, the Company computes the non-coincident peaks for the CIP-subtransmission and CIP - transmission classes seperately, not at the time of the peak of the combined CIP classes. Those non-coincident peaks can be found in the attachment to the Attorney General-1st Set, Question No. 182. Therefore the Company has not performed the requested calculation. The Company has provided on the attached disk the hourly load data by class/voltage that can be used to perform the requested study.

WITNESS Larry C. Foust

Kentucky Power Company

REQUEST

For all allocators and line items in the cost of service study which are developed by formula internal to the model, please provide the formula which calculates the line item or allocator.

RESPONSE

Formulas used in the cost of service study are shown on the Formulas tab in the input file, filename KIUC-92 KPCO Class Cos June 2005.xls, provided in response to KIUC Question No. 92.

WITNESS Larry C. Foust